

DPHHS Rates Commission
March 29, 2006
111 N. Sanders Room 107
Helena, Montana

Attendees: Diane Tavary, Wayne Hershey, Mary Jean Golden, Christine Kaufmann, Dan Weinberg, Lois Steinbeck, Bob Anderson, Janet Whitmoyer, James Corrigan, Kathy Brophy, Gail Briesse-Zimmer

Guests: Robert Jahner, Duane Preshinger, Jo Ann Dotson, Kelly McNurein, Edith Clark, Jami McCall, Sami Butler, Richard Saravalli, Leighanne Fogerty, Larry Noonan, Kevin Hurlbut, Dale Boesdflug, Wally Meliher, Charlie Briggs, Bill Wells, Jeff Sturm, Matt Bugnie

Welcome: Christine Kaufmann welcomed everyone and stated she was grateful for the public turnout. Introductions were made.

Approval of minutes: Asked for any corrections or comments about minutes. Motion made to approve minutes and seconded. Minutes approved with no opposition.

DDP Overview of rebasing and the 35th percentile:

Jeff Sturm:

When we look at percentiles we are talking about wage benchmarking. We set up a series of ways to set wage benchmarks. Benchmark is an hourly salary where people perform similar kinds of work so we look at people that do similar kinds of work. Initially we looked at five states (Montana, Wyoming, North Dakota, South Dakota, and New Mexico) that had similar geographies, populations, and economies to look at what is an appropriate wage within there. We selected jobs that have similar duties that match 85% of the time. Benchmark does not include benefits, overtime, or end-of-year bonuses. We used objective compensation studies and multiple data sources.

Percentile is simply the average of wages. We were able to get to the 35th percentile. We started out at about the 25th percentile. This means that 25% of the people that were employed in these fields across these wage benchmarks were making less than 25% of a fully compensated package and 75% of the people were making more than that. When average was taken Montana was in the 25th percentile. With the help of the Legislature we moved to the 35th percentile.

Data is 2003 information. We used Hayes Compensation, Health & Hospital compensation, Mercer Consulting, and US Bureau of Labor Statistics to compile our data. Rates are set by wage parity, employee-related expenses, program-related costs, and general and administrative costs. .

The 35th percentile average is \$8.56 an hour of the maximum wage for that type of occupation. New rebasing will be using 2005 data.

Rebasing is a process of re-calculating the four components (Direct Care Wages, Direct Care Employee Related Expenses (ERE), Program Related Costs, and General and Administrative Costs) using current compensation studies and current actual provider costs. Hope to rebase every two years around this time of year. Purpose is to determine whether providers have experienced increased cost and summarize all the four components areas. We are going through a lot of data collection from the providers. We hope to have the information collected by the mid or end of April. We hope to be able to use this information as a basis in the future for rate development.

Living Wage:

Larry Noonan – AWARE Inc.

Gave basic overview of what AWARE is and where their funding comes from. Went over how AWARE defines a living wage and what the average living wage is in Montana. Living wage in Montana is currently at \$9.07 an hour not including benefits. Average is \$11.58 per hour with benefits. Range of study was anywhere between \$6.25/hour in Milwaukee to \$12.00/hour in Santa Cruse. Looked at compensation levels prior to implementation were \$7.50/hour and then add into it the benefit package or about \$10.12/hour. AWARE manages to give employees at least a 1 or 2 percent wage increase every year no matter what. Since 1990 average raise increase has been a 10% every three years for AWARE.

Information from www.nwfc.org

DDP providers will discuss if rebasing is necessary or not and how this affects providers' sustainability:

Charlie Briggs – Administrator of MAIDS:

...part of what this portion is to give a response. Underscored a couple of points: rebasing is actually an initial base, data used in last session was 2003 information and is out of date, new information will be 2005 information, and pilot that is underway with the rate redesign in Region 2.

Dale Boespflug – Havre Day

My agency has been involved in the pilot since the first of July. We are working through many difficulties as we try to sort this rates system out, making monthly changes as it goes along. A major umbrella that hangs over the development of the rates that we have in place right now is revenue neutrality. It is like trying to drive a round peg into a square whole. When there is any movement up in the rate structure there is a comparable movement down in another area of what we are doing (no new funds).

Want to endorse the whole concept of rebasing especially as it looks at the direct care staff wages and also all of the other significant increases that we face as providers in trying to do this work. Hopes the commission can go forward with the recommendation

to go into this rebasing process. It puts defensibility into the development of a rate system.

Wally Melcher – Helena Industries:

Change is always difficult. Our major struggle and objective has been to keep quality direct care people working with individuals with developmental disabilities. Over the years we have made many trips to the legislature to talk to them about staff turnover and the affect that has on people's lives. In reality this is an initial basing.

I have concerns that we don't get diverted from one of the major goals that we have been striving for for 25 years. That goal is to increase the wages and benefits for direct-care workers so that the high turnover in these positions is reduced and so these workers view their jobs as a career. It is wonderful that AWARE has been able to put in place a plan to maintain a livable wage that many organizations are not able to do. We hope that this leads to some good recommendations from this commission.

Kevin Hurlbut – SKETCH:

We are a very small agency here in Helena. I have worked in the field since 1981 but have always been a worker bee. One of the many things we have had to tweak along the way is the little agencies. Economy of scale- I have many of the same expenses that the bigger agencies have. I have only four people and cannot spread the cost out as far. This will be taken into consideration with the rates plans. About the only other thing I want to say is that working on this committee has put me in touch with people all over the state. Endorses rebasing

Discussion point:

Question was raised as to whether there is money set aside that the Budget Office might be willing to consider. We are a little premature in the process but we are putting every effort forth to try to do rebasing. This committee right now, because of the timing or where we are at right now in the process of establishing initiatives for the next legislative session to consider. The thought process in looking at the things that we have here is more to bring information to the legislative body in terms that we think rebasing is a good thing.

Do we see the rebasing as a good effort? Do we want to reinforce the program?

This commission is really too new to play really hard in the current year. We should have a report to the legislature about the information that we have received and our thoughts about it. If we feel strongly about something it should be put into the report.

Is it appropriate and practical to put off any recommendation until we have reached the end of our work?

I could support the general concept of rebasing.

Public Comment:

Edith Clark:

I think that you are very wise at moving forward when you are looking at the rate system across the whole state for every service that the state provides. Look at how long it has taken us to get our hands around what entails DD and it is so involved that I see this commission going for 20-30 years. Input is needed from all entities involved: consumers, providers, those that provided program oversight, State Departments, and Legislators. Data gathering and analysis is a large part of accurate rate determination. I emphasize the need to proceed slowly and do foresee the need for a rates commission to continue for many years.

Sami Butler – Intermountain: (stand-in for Jim FitzGerald)

Intermountain has been in Helena for almost 100 years providing year around treatment for severely emotionally disturbed children and their families. Our original desire in being part of the group bringing the Rate Commission legislation forward is our belief that individuals who need these essential services, the providers and the department are better served by having objective process to scrutinize services, costs and reimbursements. We strongly supported the legislation. As the commission does its work, we encourage a focus on reviewing provider expenses to comply with licensure, contracts and administrative rules. We also encourage the commission to create a process for prioritizing of the order in which provider services are reviewed. We are very happy this process has begun, we are here to support the success of the commission and maturity of the commission and the department, and willing to help with any information you may need from our organization.

Jami McCall – Executive Director for MCIPA:

We strongly supported this piece of legislation to look objectively at rates through out this entire system. We support everything that you are doing and we want to be here and help you in every way that we can. A couple things that might help are pulling out similar jobs and getting a comparison of all of the provider types, and get a side by side brief comparison of each provider type and what is the methodology on how they arrived at the rates and put it into a grid form.

Overview – Dental rates and related issues:

Duane Preshinger – Acute Services Bureau in HRD:

Duane went over Medicaid Dental Program Summary. Explained what changes have happened since January 2000.

In the last session we were appropriated \$250,000 in general fund for dental access. We held \$50,000 of that out for a special project to focus on the areas most in need of dental access. Right now we are working with the Great Falls FQHC to hire a part-time dentist. We also pay for a lot of people to get to a dentist from Shelby, or Havre.

Current conversion factor as of July 1st is 21.77 for an adult and 28.30 for a child.

Jo Ann Dotson – PHSD:

Jo Ann gave basic summary of Montana Oral Health Plan which can be found at www.fchb.mt.gov

Public Comment:

Discuss agenda items for future meetings:

Future Meeting Dates:

- Wednesday, May 17
- Wednesday, June 28
- Wednesday, August 16
- Wednesday, September 27
- Wednesday, November 15

Would like to see some kind of grid of concerns and factors

Meeting adjourned.

Handouts:

Handout Reimbursement Rate Committee

Rebasing DDP Handout

Living Wage Comparison Handout

Medicaid Dental Program Summary Handout

Montana Oral Health Plan Handout